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BEFORE THE ARIZONA CORPORATION COMMISSION

SW-03437A-09-0493

IN THE MATTER OF THE
APPLICATION OF VERDE SANTA
FE WASTEWATER COMPANY FOR
APPROVAL OF A REVISED TARIFF
REDUCING THE COMMODITY
RATE FOR EFFLUENT SALES

DOCKET NO.: SW-03437A-09-_____

**NOTICE OF FILING REVISED TARIFF
FOR A REDUCTION IN THE
COMMODITY RATE FOR EFFLUENT
SALES**

Pursuant to A.R.S. §40-367, Verde Santa Fe Wastewater Company ("VSFWC" or "Company") hereby gives notice of filing a revised Tariff Schedule ("Tariff"). The revised Tariff reduces the present rate of \$2.00 per one thousand (1,000) gallons of effluent water to a rate of \$0.40 per one thousand (1,000) gallons of effluent water. A copy of VSFWC's revised Tariff is attached hereto as **Exhibit 1**. The reason for this revised Tariff is two-fold: (1) to promote groundwater conservation by making the use of effluent in new and existing developments a viable economic alternative; and (2) to maintain and enhance the public health, safety and welfare by enhancing VSFWC's ability to dispose of treated effluent.

VSFWC's present rates for wastewater service were established in Decision No. 60779 (April 8, 1998). The present commodity rate for effluent water sales by VSFWC is \$2.00 per one thousand (1,000) gallons. As a result, potential purchasers generally look elsewhere for less costly sources of water, including groundwater and potable water. Development within and around VSFWC's present CC&N has steadily increased over the

1 years causing greater demand on groundwater and renewable water sources. At the same
2 time, the growth has created a need for the proper treatment and disposal of effluent from
3 treating increased wastewater flows. A reduction in VSFWC's present commodity rate
4 for effluent sales will not only provide a viable economic alternative to other potable and
5 non-potable resources but will also contribute to overall water conservation efforts in
6 Arizona by reducing reliance on the use of groundwater.

7 In fact, VSFWC believes that the Verde Santa Fe Golf Course is interested in using
8 effluent for its grounds, however, VSFWC's present rate for effluent makes such use cost
9 prohibitive to the golf course, limiting the Company's ability to dispose of its effluent
10 wastewater in an economic and efficient manner. Thus, reducing the rate of effluent sales
11 to "market" prices serves the public interest by promoting sales of effluent to Verde Santa
12 Fe Golf Course. In order to promote the use of effluent in Yavapai County, the Company
13 has tentatively set its market price at \$0.40 per one thousand (1,000) gallons of effluent
14 water, which is comparable to the cost of pumping groundwater for use by the golf course.
15 The Verde Santa Fe Golf Course has also identified this rate as a reasonable charge for the
16 effluent.

17 The Commission has followed a similar approach for another wastewater utility.
18 In Decision No. 65436 (December 9, 2002)¹, the Commission approved a settlement
19 agreement in which it was agreed the rate for the sale of effluent or reclaimed water would
20 be based on "market" rates. Thus, although the rate authorized in Decision No. 65436
21 will fluctuate, the maximum effluent rate is capped at \$1.32 per one thousand (1,000)
22 gallons. Similarly, VSFWC's rate for effluent under its revised Tariff will not exceed the
23 proposed rate of \$0.40 per one thousand (1,000) gallons of effluent water. As a
24 consequence, the requested Tariff change for effluent sales is revenue neutral and a rate


25 ¹ *In the Matter of the Application of Litchfield Park Service Company for an Increase in its Water*
26 *and Wastewater Rates for Customers within Maricopa County, Arizona.* Docket No. W-01427A-
01-0487, WS-01428A-01-0487.

1 case is not required. See A.R.S. §40-250(A).

2 Accordingly, VSFWC hereby provides notice of a change in its rate for sale of its
3 effluent to a market rate not to exceed \$0.40 per one thousand (1,000) gallons.

4 RESPECTFULLY SUBMITTED this 14th day of October, 2009.

5 FENNEMORE CRAIG

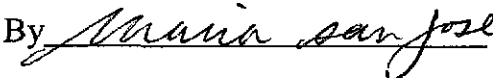
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11
12 ORIGINAL and 15 copies of the foregoing
13 filed this 14th day of October, 2009 with:

14 Docket Control
15 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

16
17 COPY of the foregoing hand-delivered
18 this 14th day of October, 2009 to:

19 Compliance Section
20 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

21
22
23 By 

24 2240162/26985.001
25
26

Exhibit 1

SEWER TARIFF SCHEDULE

Utility: Verde Santa Fe Wastewater Co.
Docket No.:

Page 1 of 1
Decision No.:
Effective:

Rates and Charges

| Customer Classification | Current Rates | Notes |
|--|--|------------------------|
| Flat Rate | | |
| Residential | \$40.00 | Per Month |
| Commercial | \$40.00 x SFE | Per Month (See Note 1) |
| Based on Water Usage | | |
| Residential | N/A | |
| Commercial | N/A | |
| Effluent Sales | \$0.40 | Per 1,000 gallons |
| Service Line Connection Charge | N/A | |
| Service Charges | | |
| Establishment (R14-2-603.D.1) | \$25.00 | |
| Reconnection /Delinquent (R14-2-603.D.1) | \$30.00 | |
| Deposit (R14-2-603.B.7) | 2 x Flat Rate | See Note 2 |
| Deposit Interest (R14-2-603.D.1) | 3.5% | Annual Effective Rate |
| Reestablishment within 12 months (R14-2-603.D.1) | # months off system x monthly minimum | |
| NSF Check (R14-2-608.E.1) | \$25.00 | |
| Late Payment Penalty (R14-2-608.F.1) | 1.50% | |

Other Charges as Specified by Order:

Note 1: If a commercial flat rate is necessary, it will be calculated for each commercial customer by dividing the expected design daily sewer flow rate (as prescribed by Ten States Standards) by one SFE (single family equivalent). One SFE will equal 262 gallons per day (the approved design flow rate per single family unit by ADEQ). The resulting factor will be multiplied by the approved residential flat rate to get the commercial monthly flat rate.

Note 2: VSWFC will estimate the monthly flow from each new commercial customer based on the design flow rates prescribed by the Ten States Standards. The deposit will then be calculated by taxing the monthly flow rate to determine the sewer rate, then multiplying this rate times 2.5.